

# REPORT OF THE COMMITTEE ON TRANSPORTATION

## Voting Members

Joey Manahan, Chair; Ann H. Kobayashi, Vice-Chair,  
Brandon J.C. Elefante, Ron Menor, Kymberly Marcos Pine

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Committee Meeting Held  
April 2, 2015

Honorable Ernest Y. Martin  
Chair, City Council  
City and County of Honolulu

Mr. Chair:

Your Committee on Transportation, to which was referred  
Resolution 15-79:

"REQUESTING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION  
(HART) TO VOLUNTARILY MEET REGULARLY WITH CITY AND STATE  
LEADERS TO PROVIDE AND REPORT ON RAIL CONSTRUCTION, FINANCIAL,  
REVENUE AND BUDGETARY UPDATES,"

introduced on March 23, 2015, reports as follows:

The purpose of the Resolution is to request that HART voluntarily meet regularly with City and State leaders to provide and report on rail construction, financial, revenue and budgetary updates.

Both HART Board Chair Ivan Lui-Kwan and Deputy Director Mark Garrity of the Department of Transportation Services provided testimony in support of the Resolution, with Chair Lui-Kwan noting that it is always good to communicate plans and updates. Two members of the public made comments generally supporting the Resolution. One written testimony offered comments.

Committee Chair Joey Manahan noted that the intent of the Resolution is to provide information, awareness, and assurance to decision-makers and the public regarding the financial health of the rail project.

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## CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON

**APR 22 2015**

COMMITTEE REPORT NO.

**121**

# REPORT OF THE COMMITTEE ON TRANSPORTATION

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As such, Committee Chair Manahan proposed an amendment to the Resolution that would 1) request HART to meet with City and State leaders at important financial junctures, 2) provide two examples, among others, of what these important financial junctures would be, and 3) request HART to annually report to the State Legislature twenty days prior to the start of the Legislative Session.

Your Committee on Transportation is in accord with the intent and purpose of Resolution 15-79 as amended herein, and recommends its adoption in the form attached hereto as Resolution 15-79, CD1. (Ayes: Elefante, Kobayashi, Menor, Manahan – 4; Noes – None; Excused: Pine - 1.)

Respectfully submitted,



JOEY MANAHAN  
Committee Chair

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON

**APR 2 2 2015**

COMMITTEE REPORT NO. **121**



## RESOLUTION

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REQUESTING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO VOLUNTARILY MEET REGULARLY WITH CITY AND STATE LEADERS TO PROVIDE AND REPORT ON RAIL CONSTRUCTION, FINANCIAL, REVENUE AND BUDGETARY UPDATES.

WHEREAS, at a cost of \$5.2 billion and rising, the Honolulu Rail Transit project ("project") represents the largest and most expensive capital project in the history of the City and County of Honolulu; and

WHEREAS, on July 1, 2011, the Honolulu Authority for Rapid Transportation ("HART") was established through an amendment to the Revised Charter of the City and County of Honolulu and is authorized to develop, operate, maintain and expand the project; and

WHEREAS, recently, HART has appealed to the City Council, the State Legislature, and other decision-makers for financial assistance to meet a \$910 million projected project deficit, attributing the shortfall to litigation delay costs, and contract bids coming in higher and General Excise Tax ("GET") surcharge revenues coming in lower than expected; and

WHEREAS, there has been significant concern expressed by both City and State leaders as reflected in the following examples:

- HART is asking the City Council to adopt Resolution 15-7, which would authorize the issuance of City general obligation bonds and notes up to \$1.9 billion, of which \$350 million would be needed in fiscal year 2015. But members of the City Council have voiced serious concerns because it is not clear how much the project will need to borrow due to a lack of detail in the borrowing agreement as well as the absence of definitive answers to questions on the project's construction cost; and
- HART is asking the State Legislature to extend the GET surcharge in perpetuity, but legislators, the State Budget Director and the Governor are asking for more detailed and specific information from HART in order to justify this request. Legislators are saying that the lack of detail is complicating the issue, especially when HART officials try to justify the GET surcharge extension based on delay costs, contract bid escalations, and low GET surcharge revenues, while at the same time justifying the extension request on the need to cover future project operating and maintenance costs, and extend the rail line to Manoa and West Kapolei;



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## RESOLUTION

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and

WHEREAS, the concern among City and State leaders is that there currently is nothing to prevent a repeat of this type of financial predicament in the future since HART does not, as a matter of practice, regularly meet with and inform City and State leaders on project finances, revenues and budgetary matters; and

WHEREAS, the City Council finds that it is in the public's best interest to have HART officials regularly meet with and report to City and State leaders on project progress, including the status of the project's financing in order to ensure that unexpected financial shortfalls, deficits and other predicaments are avoided in the future; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Honolulu Authority for Rapid Transportation is requested to voluntarily meet regularly with City and State leaders to provide and report on rail construction, financial, revenue and budgetary updates; and

BE IT FURTHER RESOLVED that in addition to meeting regularly with City and State leaders, HART is requested to meet with City and State leaders at important financial junctures including, but not limited to, the following times:

- Prior to making amendments to the overall financial plan that was submitted to the Federal government as part of the Full Funding Grant Agreement; and
- Prior to making amendments to HART's capital financial plan or its associated cash flow projections;

and

BE IT FURTHER RESOLVED that HART is requested to annually report to the State Legislature no later than twenty days prior to the start of the Legislative Session; and

BE IT FURTHER RESOLVED that HART is requested to make arrangements to regularly meet with and provide such reports to City and State leaders, including the Chair and Budget Chair of the Honolulu City Council, the Mayor, the Director of Budget and Fiscal Services, the Senate President, the Speaker of the House of Representatives, the Chair of the Senate Ways and Means Committee, the Chair of the House Finance Committee, the Governor, and the State Director of Budget and Finance; and



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 15-79, CD1

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**RESOLUTION**

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BE IT FINALLY RESOLVED that a copy of this Resolution be transmitted to the Chair of the HART Board of Directors, the HART Executive Director, the Governor, the Mayor, the Senate President, the Speaker of the House of Representatives, the Chair of the Senate Ways and Means Committee, the Chair of the House Finance Committee, the State Director of Budget and Finance, and the Director of Budget and Fiscal Services.

INTRODUCED BY:

Joey Manahan

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DATE OF INTRODUCTION:

March 23, 2015  
Honolulu, Hawaii

Councilmembers